

EXHIBIT B

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

LARRY FREUDENBERG, Individually And On
Behalf of All Others Similarly Situated,

Plaintiff,

vs.

E*TRADE FINANCIAL CORPORATION,
MITCHELL H. CAPLAN AND ROBERT J.
SIMMONS,

Defendants.

Civil Action No. 07-cv-8538 (RWS)

CLASS ACTION

WILLIAM BOSTON, Individually And On
Behalf Of All Others Similarly Situated,

Plaintiff,

vs.

E*TRADE FINANCIAL CORPORATION,
MITCHELL H. CAPLAN AND ROBERT J.
SIMMONS,

Defendants.

Civil Action No. 07-cv-8808 (RWS)

ROBERT D. THURMAN, Individually And On
Behalf Of All Others Similarly Situated,

Plaintiff,

vs.

E*TRADE FINANCIAL CORPORATION,
MITCHELL H. CAPLAN AND ROBERT J.
SIMMONS,

Defendants.

Civil Action No. 07-cv-9651 (RWS)

WENDY M. DAVIDSON, individually and on
behalf of all others similarly situated,

Plaintiff,

vs.

E*TRADE FINANCIAL CORPORATION,
MITCHELL H. CAPLAN AND ROBERT J.
SIMMONS,

Defendants.

Civil Action No. 07-cv-10400 (UA)

JOSHUA FERENC, individually and on behalf
of all others similarly situated,

Plaintiff,

vs.

E*TRADE FINANCIAL CORPORATION,
MITCHELL H. CAPLAN AND ROBERT J.
SIMMONS,

Defendants.

Civil Action No. 07-cv-10540 (SHS)

DECLARATION OF ROGER HAMBURY

I, Roger Hambury, hereby declare under penalty of perjury under the laws of the United States of America as follows:

1. I am a citizen of the United Kingdom. I am employed as a Director and Head of Dealing at City Index Limited, which was established in 1983. City Index is part of IPGL Limited, which is a substantial shareholder in the world's leading derivatives broker, ICAP plc. City Index operates globally and provides derivative trading services to retail and small institutional clients from offices in London, Singapore, Shanghai, Sydney, and Boston. City Index provides access to numerous investment instruments on the world's financial markets, with real time prices updated every second. City Index is a market leading provider of contracts for difference ("CFDs") authorized and regulated by The Financial Services Authority ("FSA"),

the body that regulates the financial services industry in the United Kingdom. I have been in the brokerage business for 22 years, I trade CFDs for customers at City Index, and I am familiar with how CFDs are traded and priced.

2. City Index was a broker for purchases and sales of E*Trade Financial Corporation ("E*Trade") CFDs by Straxton Properties Inc. ("Straxton") as well as for certain E*Trade CFDs that were initially acquired by Straxton and subsequently transferred to Kristen Management Limited ("Kristen"). As head of trading at City Index, I supervise the account executives who executed orders for Straxton with respect to its purchases and sales of E*Trade CFDs, and I have personal knowledge of how those transactions were executed. All of the E*Trade transactions executed through City Index for the benefit of Straxton and Kristen were at the direction of Mr. Vincent de Cannière.

3. Generally, a CFD is an investment contract between two parties, typically a customer and a broker, stipulating that the two parties will exchange the difference between the value of the asset at commencement of the contract and its value at the time the contract is closed. If the difference is positive, then the broker pays the difference to the customer. If the difference is negative, then the customer pays the difference to the broker. Such contract is an equity derivative that allows an investor to receive the benefit of share price movement without the need to take formal ownership of the underlying shares.

4. City Index's E*Trade CFDs provided to Straxton allowed Straxton to obtain the identical economic price performance and benefit in E*Trade's publicly traded common stock as an actual owner of E*Trade common stock had. The price and price performance of the CFDs City Index provides to Straxton match identically the price and price performance of the underlying company's publicly traded equity shares. Accordingly, Straxton, as a purchaser of

CFDs, assumes the exact same investment risk attributable to the underlying security's price movement as one who directly purchases the underlying shares themselves. The purchase and sale prices of the CFDs are identical to the purchase and sale prices of the underlying issuer's shares on the public securities exchange on which those shares trade. Thus, at any given moment, the value of the shares reflected by the CFD matches identically the market price of the underlying issuer's shares as quoted at that moment on the public securities exchange on which the underlying shares trade (*e.g.*, the NYSE, NASDAQ, *etc.*).

5. An owner of CFDs may hold the CFDs for as long or short a period as desired and may sell the CFDs at any time. An owner of CFDs is entitled, like an owner of the underlying company's publicly traded common stock, to sell the CFDs and receive, in return, the exact dollar difference between the purchase price of the underlying company's shares as quoted on the public securities exchange at the time the CFD was purchased, and the sale price of the underlying company's shares as quoted on the public securities exchange at the time the CFDs are sold. In addition, a CFD purchaser has the option to convert to direct ownership of the underlying shares at anytime. Further, where the underlying stock yields a dividend, the owner of the CFDs will receive the benefit of that dividend. CFDs may also possess other attributes of share ownership including voting rights with respect to the underlying shares purchased.

6. The advantages for customers of CFDs over direct purchases of the underlying shares are, among others, that a CFD purchaser is not required to pay the United Kingdom stamp duty on share purchases and may purchase the securities on greater than fifty percent margin.

7. Since, as discussed above, CFDs are, at all times, priced at the same price quoted on the securities exchange for the shares of the underlying issuer's publicly traded shares, any market price fluctuation relating to the underlying issuer's shares will have the identical

economic impact on the value of the CFDs. Take, for example, a customer who orders CFDs for 1000 shares of the common stock of XYZ Corp., a company that trades on the NYSE, from a broker (*i.e.*, City Index). City Index will first arrange for the purchase of 1000 shares of XYZ common stock on the NYSE at the best available quoted market price. If the 1000 shares of XYZ common stock are purchased for \$10.00 per share, the price the purchaser of the matching CFDs will be charged by City Index for the XYZ CFDs will also be \$10.00 per share. Sales of CFDs work the same way. If the same customer orders the sale of the same 1000 XYZ CFDs for the 1000 shares of XYZ common stock, City Index will first sell the 1000 underlying corresponding XYZ shares on the NYSE at the best available quoted market price. If the 1000 shares of XYZ common stock are sold for \$20.00 per share, the CFD customer will be paid by City Index the difference between the \$10.00 per share paid for the XYZ CFDs and the \$20.00 per share for which they were sold. If, when the sale of the XYZ CFDs is ordered, the 1000 shares of XYZ common stock are instead sold on the NYSE for \$5.00 per share, the CFD customer will be required to pay City Index the \$5.00 per share difference between the \$10.00 per share purchase price and the \$5.00 per share selling price. Thus, the market price for XYZ CFDs traded through City Index would be identical to the market price of XYZ shares on the NYSE in all respects.

8. With respect to Straxton's purchases and sales of CFDs for shares of E*Trade common stock between May 31, 2007 and August 16, 2007, when E*Trade CFD purchase orders were received from Straxton, City Index first ordered the purchase of a matching number of shares of common stock on the NASDAQ in the United States at the quoted price on that exchange at the time the order was placed. Likewise, when Straxton ordered the sale of its E*Trade CFDs, City Index first ordered the sale of a matching number of shares of E*Trade

common stock on the NASDAQ, and City Index charged Straxton the difference between the initial purchase prices of the CFDs and the prices per share City Index received on the sale of the matching underlying E*Trade common stock sold on the NASDAQ in the United States.

9. City Index's purchases and sales of E*Trade common stock underlying Straxton's purchases and sales of E*Trade CFDs were cleared through Crédit Agricole Cheuvreux and MF Global Ltd., both NASD Member Firms with offices, among other places, in New York and London.

Executed this 19th day of December, 2007, at London, United Kingdom

 

Roger Hambury